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SUBJECT: USAID MOSCOW DISCUSSES USG CONTRACTING WITH
RUSSIAN OFFICIALS AND INDUSTRY

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¶1. (SBU) February 3 USAID Moscow briefed GOR officials and Russian business representatives on the USG contracting process. They also discussed tenders in Afghanistan. The presentation responded to requests from Russian officials who frequently cite the experience then-Soviet workers gained in Afghanistan as a potential contribution Russia could make to the current effort to rebuild Afghanistan. Attendees included representatives from the Russian Afghanistan Business Council, the Ministry of Foreign Affairs (Afghanistan Desk and Russia Cooperation Agency), Ministry of Finance and the Ministry of Emergency Situations (EMERCOM), as well as USAID-funded non-governmental organizations (Center for Fiscal Policy, Institute for Urban Economics and Russian Microfinance Center). Private companies such as SojzVneshTrans, TechnoPromExport, ZarubezhTransStroi, and Zarubezhstroi also attended.

¶2. (SBU) USAID's Acting Mission Director briefed the group on the history and structure of USAID and USG foreign assistance programs. USAID Moscow's Contracting Officer next spoke in detail about USAID's project design and contracting procedures. Participants were given a list of anticipated USAID competitive contracting opportunities in Afghanistan for FY2010, and names and contact information for USAID's implementing partners in Afghanistan. The presenters also described Embassy Kabul's and U.S. Forces Afghanistan's "Afghan First" policy, which encourages local procurement of Afghan goods and services to benefit and improve the well-being of the Afghan people.

¶3. (SBU) Several representatives from Russian firms expressed concern that they were disadvantaged bidding against companies that already had a presence in Afghanistan. They asked if the USG could facilitate their access to contacts and information, including potential travel to Afghanistan, to help them write bids that are more competitive. The Contracting Officer indicated that this assistance was not possible but did point out the potential benefits of sub-contracting with companies who were currently working in Afghanistan. She also remarked that forming consortium companies was not prohibited. She noted that substantial information was available online and that contact information for each opportunity was provided on the FY 2010 contracting forecast. The Contracting Officer also advised against submitting unsolicited proposals, as it is difficult to meet the standard for uniqueness and innovation necessary to make such a proposal feasible under U.S. law.

¶4. (SBU) In response to a question on the ability of government owned companies to bid on tenders, the Contracting Officer referenced USG law which states that firms cannot be wholly or partially government owned in order to participate in a bid. The representative from the Russian Afghanistan Business Council noted that this stipulation would make it difficult for many Russian companies to compete because the GOR retained a small percent ownership in many companies when state companies were privatized in the 1990s. The Contracting Officer noted that this question could be referred to USAID lawyers for a formal opinion. The Contracting Officer also reminded the group that in addition to USG contracts, the Afghan government itself and inter-governmental organizations such as the World Bank also finance work in Afghanistan and operate under different requirements.

¶5. (SBU) The representative from the Russian Afghanistan Business Council presented a list of projects for which Russian firms had specialized expertise because of their work at these sites in the 1960s, 1970s and 1980s (reftel). On the issue of the Salang Tunnel, participants said that the Afghan government had indicated that further work on the tunnel was needed. Additionally, Russian firms said they already had plans and the capability to do the work. The only issue remaining is funding.
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